

CALIFORNIA ENERGY COMMISSION

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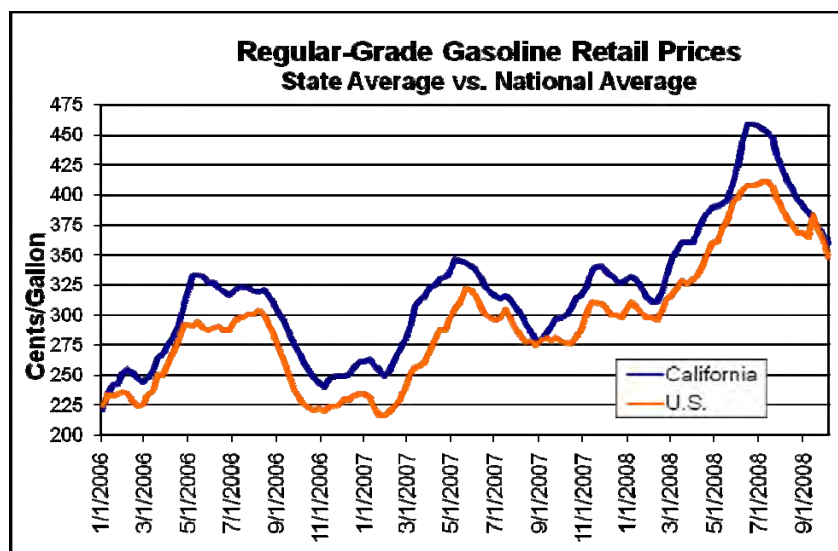
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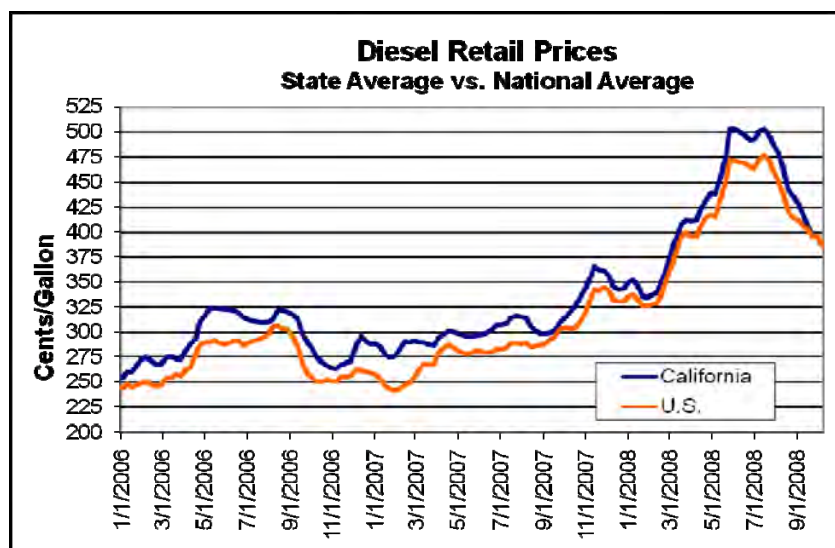
Consumer Information: www.ConsumerEnergyCenter.org

**Petroleum Watch****October 10, 2008*****Retail Gasoline and Diesel Prices on October 6***

- For the sixteenth consecutive week, the average California **retail price for regular-grade gasoline** decreased, falling 7 cents from last week to \$3.60 per gallon. Prices are 31 cents lower than a month ago but 61 cents per gallon higher than the same time last year.ⁱ
- The difference between California and U.S. retail gasoline prices decreased 12 cents from a month ago to 11 cents per gallon. U.S. gasoline prices continue to fall, decreasing 19 cents since last month to \$3.49, but are still 72 cents more than this time last year.

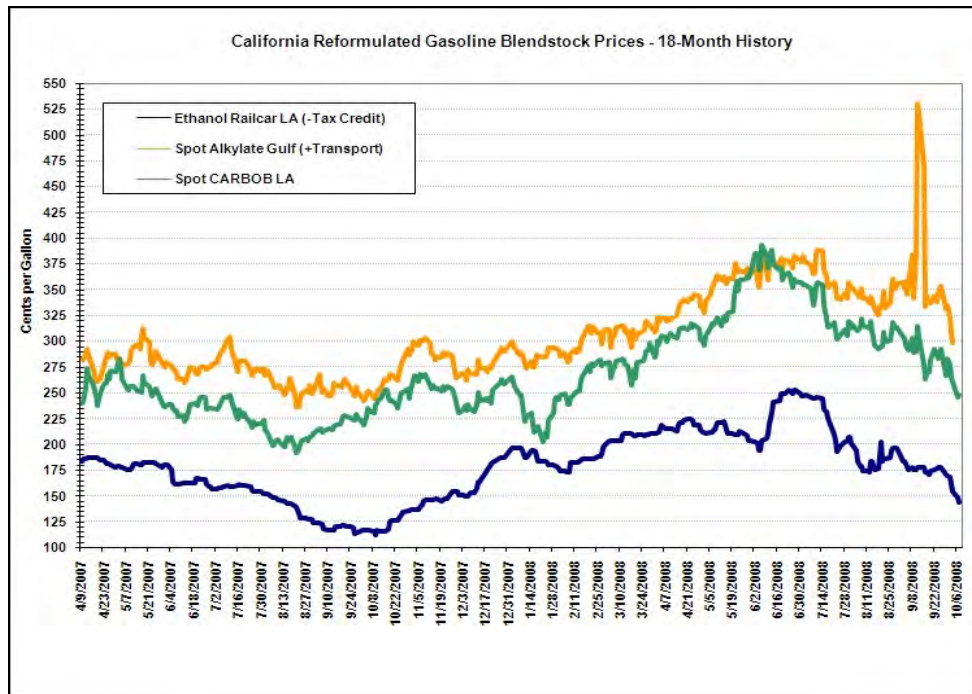


- The average California **retail diesel price** decreased by 41 cents since last month to \$3.87 per gallon. The U.S. retail diesel price fell 24 cents from a month ago to \$3.88 per gallon. The difference between California and U.S. prices decreased by 17 cents from last month, making U.S. retail diesel 1 cent per gallon more than California.



Wholesale Gasoline, Diesel, and Blendstock Prices on October 7

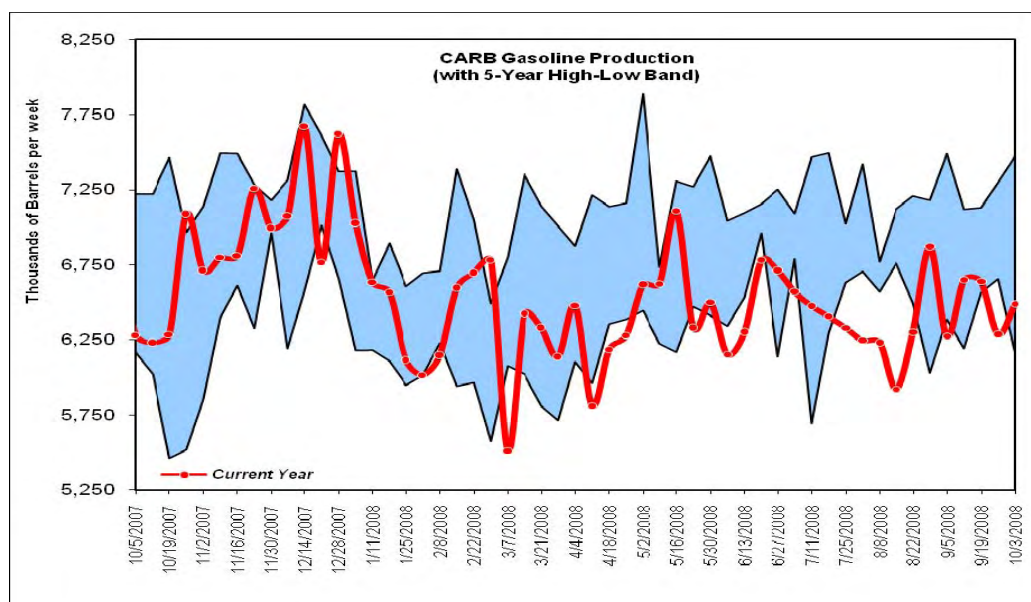
- Hurricane Ike had much less impact on California fuel prices than on national prices overall. Falling demand nationally due to the weakening economy, the end of the summer driving season, and a sharp decline in crude oil prices have pushed wholesale gasoline and diesel prices downward.
- California **spot wholesale gasoline prices** for regular-grade reformulated blendstock for oxygenate blending (RBOB) settled at \$2.42, 59 cents per gallon less than a month ago and only 12 cents more than the same time last year.
- Spot prices for RBOB in Los Angeles are 35 cents per gallon more than New York Harbor and the Gulf Coast.
- California spot **wholesale ultra low sulfur diesel prices** have fallen to \$2.45, 62 cents less than last month and only 8 cents higher than the same time last year.
- California wholesale ultra low sulfur diesel prices are 3 cents less than the Gulf Coast and 10 cents less than New York Harbor.
- Favorable growing weather and anxiety over demand with the increasingly troubled world economic outlook have pushed ethanol prices downward. Estimated California **spot wholesale prices for fuel ethanol** fell to \$1.45 per gallon, 40 cents less than a month ago, but are 28 cents more than the same time last year.ⁱⁱ



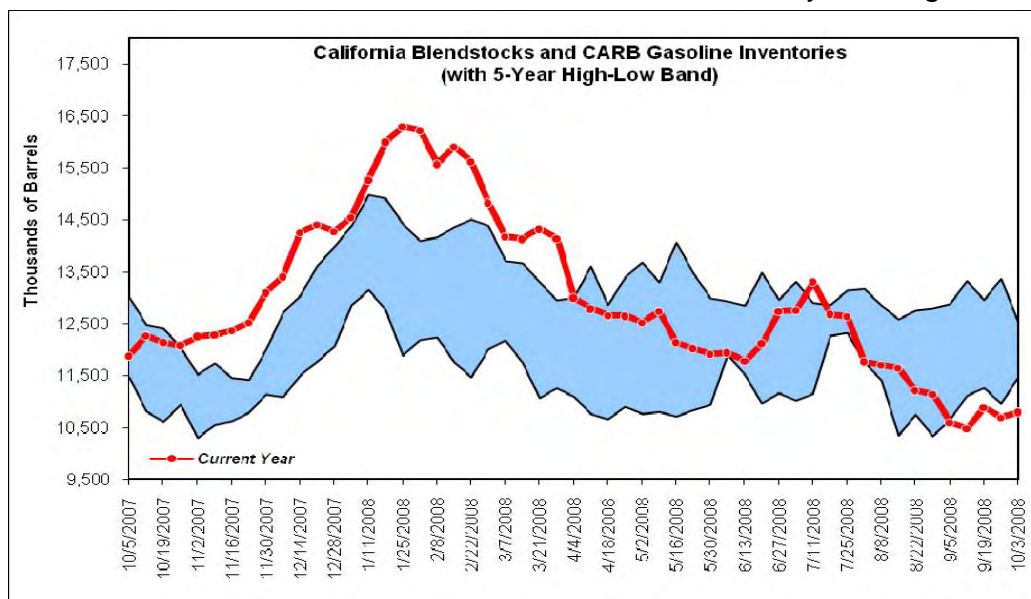
- The Energy Information Administration's (EIA) weekly report for the week ending October 3 shows that **U.S. gasoline demand** decreased 0.4 percent and distillate demand increased 1.0 percent from the previous week. The four-week average demand for gasoline is 8.77 million barrels per day, 4.7 percent less than the four-week average at the same time last year. The four-week average for U.S. distillate demand is 3.82 million barrels per day, 9.3 percent less than the same period last year.

Refinery Production and Inventories

- **Reformulated gasoline production** in California for the week ending October 3 increased 3.2 percent from the previous week to 6.49 million barrels, rising to the bottom of the five-year range and 3.3 percent higher than a year ago.ⁱⁱⁱ

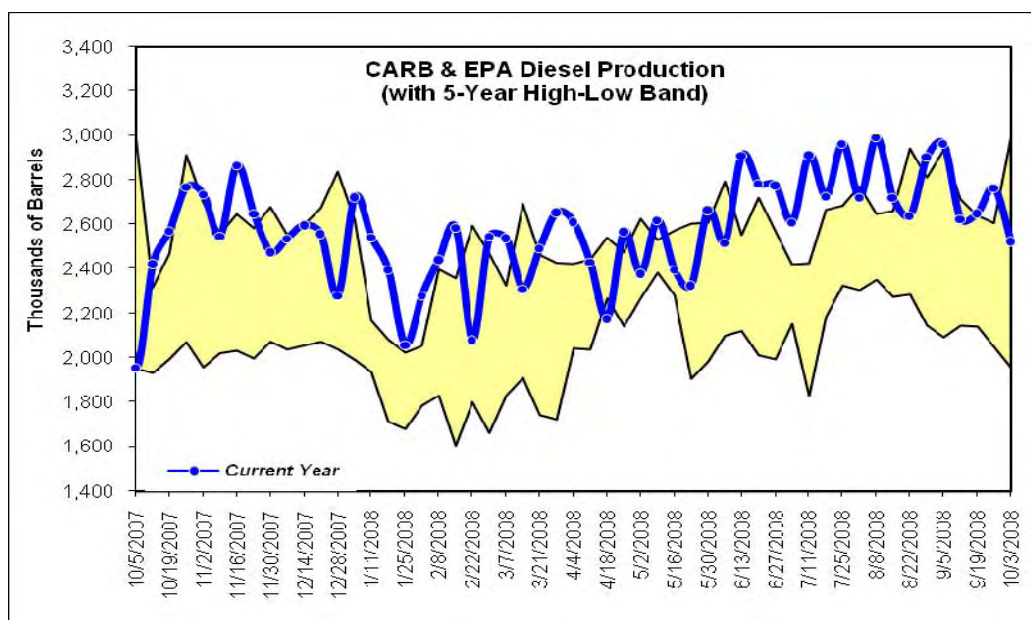


- California reformulated gasoline inventories increased by 0.9 percent last week while gasoline blendstock inventories increased 1.0 percent. **Combined inventories** of reformulated gasoline and gasoline blendstocks in the state **increased by 1.0 percent** to 10.79 million barrels but remained below the five-year range.

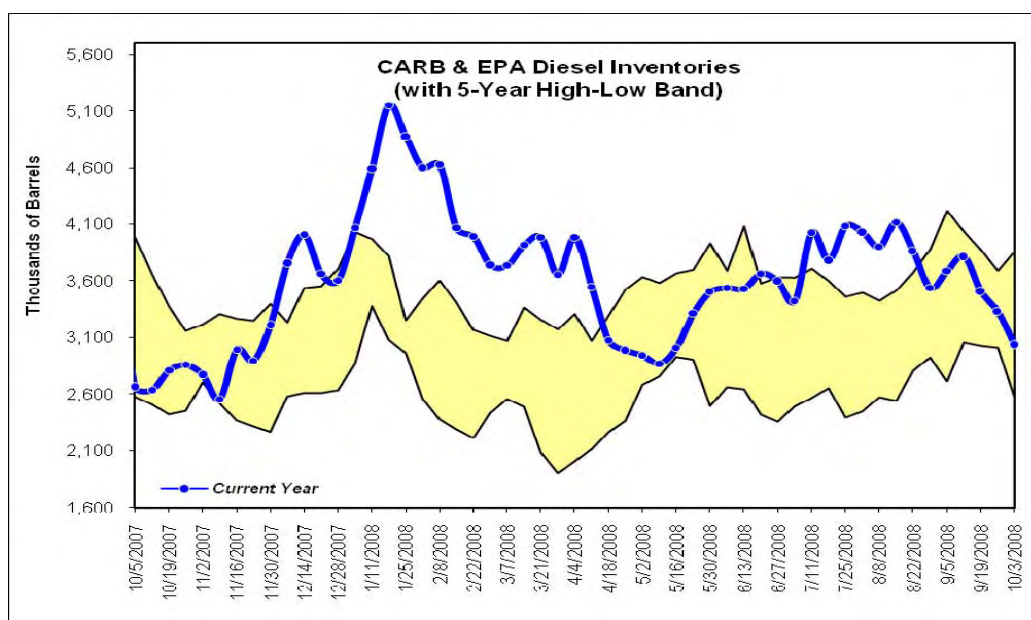


- U.S. gasoline inventories as of October 3 increased to 186.8 million barrels, 7.18 million barrels more than the previous week. Inventories increased on the Gulf, West, and East Coasts during the latest week.

- California **ultra low sulfur diesel fuel production** during the week ending on October 3, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, decreased to 2.5 million barrels, 8.7 percent lower than the previous week and falling into the middle of the five-year range.

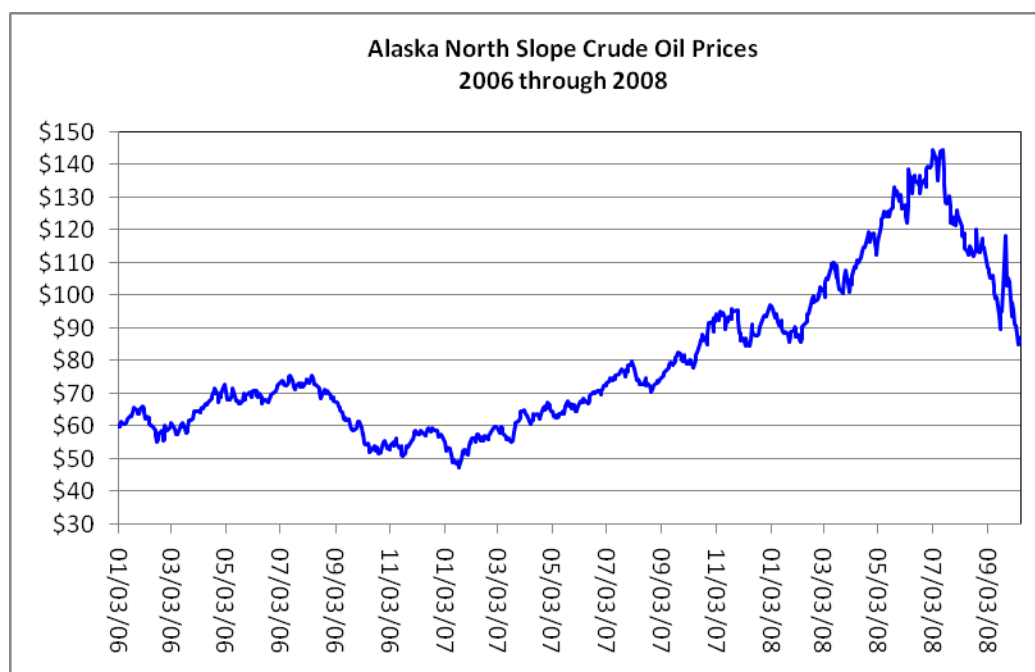


- Combined ultra low sulfur diesel inventories** in California decreased 8.8 percent from the previous week to 3.0 million barrels, and have fallen to the bottom of the five-year range. Total U.S. distillate inventories as of October 3 fell to 122.6 million barrels, 489,000 barrels less than the previous week. Inventories increased on the East and Gulf Coasts but decreased on the West Coast.



Crude Oil Prices and Inventories

- West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, reached a record high of \$144.59 per barrel on July 3 but have since plunged \$58.74 to \$85.85 as of October 8.^{iv} Prices are now \$7.83 higher than a year ago. The financial crisis fueled by multiple troubled financial institutions has substantially weakened the U.S. economy since the last Petroleum Watch. Oil prices initially increased due to concerns about Hurricane Ike but declined after Hurricane Ike passed through the Gulf causing less oil production and refinery damage than anticipated. On September 22, crude prices increased by sixteen dollars in one day when investors transferred investment funds into commodities due to fears regarding the federal bailout bill. The weakened world economy has in turn depressed demand, as have higher inventories and reduced draws from oil stocks. The Energy Information Administration also has a reduced oil price forecast. Prices have decreased despite concerns that OPEC may reduce production in response to falling prices



- U.S. commercial crude oil inventories as of October 3 rose by 8.12 million barrels from the previous week to 302.6 million barrels. Crude oil stocks are 17.5 million barrels less than this time last year and 658,000 barrels lower than the five-year average for this date. California crude oil stocks rose 6.4 percent from the previous week to 13.01 million barrels but are 16.0 percent less than last year.

ⁱ Spot wholesale and retail gasoline and diesel prices and U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.

ⁱⁱ Ethanol railcar prices are from Platts Oilgram, and are average prices for prompt Southern California shipments minus a 51¢/gal federal excise tax credit. California alkylate prices are also calculated from Platts Oilgram and include a 20¢/gal transportation and distribution cost from Gulf Coast to California. Spot wholesale prices for regular-grade California reformulated gasoline blendstock for oxygenate blending (CARBOB) are from Oil Price Information Service.

ⁱⁱⁱ California refinery production and inventory information is from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

^{iv} ANS crude oil prices are from *The Wall Street Journal*.